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Memorandum for: Darnell Whitt

Darnell —

[redacted] thought you might find it useful to have a short memo on Nicaraguan - Canadian relations to follow up on your conversation with her the other day. If you have any questions or need further information, please feel free to call [redacted] the drafter, on [redacted].

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[redacted]
John McLaughlin
Chief, Western Europe
Division

*Just back here after a
not so nice tour at State
— STAY in touch!*



2/8/85

E U R A

**Office of European Analysis
Directorate of Intelligence**

Central Intelligence Agency



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

8 February 1985

Canada: Relations With Nicaragua

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Summary

Ottawa's relations with the Nicaraguan government are correct diplomatically but not warm. The Canadian government is sensitive to US political concerns in Central America and is trying to conduct its relations with Nicaragua in a manner that will not antagonize Washington. Nevertheless, Ottawa traditionally insists on insulating its economic aid from political considerations and will be reluctant to alter its Nicaraguan assistance package in response to US concerns. [redacted]

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This paper was prepared by [redacted] Western Europe Division, Office of European Analysis for Darnell Whitt, Office of the Under Secretary of Defense for Policy. Questions and comments may be referred to John McLaughlin, Chief, Western Europe Division, [redacted]

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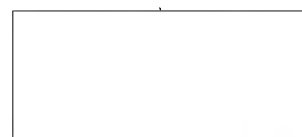
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Ottawa maintains an arms-length relationship with Managua that is business-like and diplomatically correct, but decidedly lacking in warmth. Canada does not have a permanent diplomatic representative in Nicaragua -- its ambassador to Costa Rica also is accredited to Managua -- and the External Affairs Department apparently tries to keep political contacts with Sandinista officials to a minimum. Canada's foreign aid program involvement in Nicaragua has provided about \$30 million in mostly agricultural aid since the Sandinista revolution. [REDACTED]

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Prime Minister Mulroney's new Conservative government, anxious to cultivate better relations with the United States, has changed some aspects of the Central American policy it inherited from the Liberal government. External Affairs Minister Joe Clark, for example, refused to send official observers to the Nicaraguan election even though the Liberal government had indicated that Ottawa probably would dispatch such a team, as it did during the El Salvador election. Likewise, Clark recently resisted substantial pressure from the media, religious groups, the opposition parties, and even some Tories to open an embassy in Managua. Mulroney and Clark hope that such controversial decisions are viewed in Washington as evidence that the Tories do not intend to take steps that would enhance the legitimacy of the Sandinista government. [REDACTED]

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Despite these bows toward the US position, External Affairs Minister Clark, the leader of the Tories' liberal wing, has publicly stated his determination to avoid attaching tests of "political conditionality" to Canada's foreign aid programs. Prime Minister Mulroney and the Tories are confronted by an electorate and media disposed to give the Sandinistas the benefit of the doubt, while regarding US intentions with suspicion. After taking a great deal of criticism about neither sending election observers nor opening an embassy -- both viewed by many Canadians as concessions to the United States -- we believe Mulroney would be reluctant to adjust aid programs in a way that would make Ottawa appear to be aligned with all US policy goals in Central America. We believe that Ottawa almost certainly would rebuff a US request that Canada change its aid policy, perhaps arguing that its earlier adjustments sufficiently demonstrate Canada's intention to be cooperative on important political issues in the region.

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EUR/WE/BBC [redacted] (8Feb85)

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